

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION**

FOREST INVESTMENT ASSOCIATES
L.P.,

CIVIL ACTION NO. 5:19-CV-00065-RWS

Plaintiff,

V

APRIL THOMPSON, JAMES THOMPSON,
JAMES THOMPSON TRUCKING, LLC,
JAMES THOMPSON TRANSPORT, LLC,
JAMES THOMPSON D/B/A JAMES THOMPSON RACING,

Defendants.

STATUS REPORT OF RECEIVER

On August 12, 2019, Randy Moore was appointed Receiver in the above listed cause. Until further Order of the Court, Randy Moore, of Texarkana, Texas, is appointed to serve without bond as receiver (the "Receiver") for the estate of the Receivership Defendants.

It was further Ordered that within thirty (30) days of the entry date of this Order, the Receiver shall file a status report with the Court. The status report will include a summary of receivership activities to date. It will also include a proposed plan for administering the receivership going forward, as well as a proposed deadline by which the Receiver will submit a Liquidation Plan.

1. Listed below is the summary of Receiver activities to date:

July 15 - August 12, 2019, Reviewed proposed Order with plaintiff and defendant attorneys; reviewed previous Orders of the Court.

August 13-16, After careful review and consultation with insurance experts, it was determined that James Thompson Transport, LLC, was operating without proper authority. Insurance coverage lapsed on or about July 5, 2019. Efforts to renew coverage were unsuccessful. Receiver determined that due to excessive costs and lack of available cash, reinstatement of previous insurance policies was not possible. Receiver notified Receivership Defendants and attorney for plaintiff and defendant of the decision to ground all equipment

until adequate insurance coverage could be obtained;

August 19-26, Receiver approved a lease contract with Joe Tex Xpress Inc. The lease included a provision that Joe Tex would provide adequate insurance on all James Thompson Transport trucks and trailers. Receiver monitored daily activities of James Thompson Transport, LLC. Receiver reviewed and approved all daily expenditures and monthly expenses.

Receiver determined that Receivership Defendants were paying exorbitant daily payments and fees to unsecured creditors. Receiver immediately stopped paying the daily payments. Receiver consulted with several secured and unsecured creditors.

Receiver met daily with April Thompson to discuss lease and driver activity. Receiver reviewed banking activity including approval of all deposit and withdrawal transactions. Receiver kept plaintiff and defendant attorneys updated on all Receiver activities.

On August 12, 2019, Receivership Defendants employed nine (9) drivers, two (2) mechanics and one (1) dispatch A/R manager. Defendant April Thompson served as office manager and ran daily operations of James Thompson Transport, LLC. Defendant James Thompson did not appear to provide financial or managerial support to the company. James Thompson's interest appeared to be focused on James Thompson Racing. James Thompson Trucking, LLC did not have any activity.

As of September 10, 2019, James Thompson Transport, LLC, employs four (4) drivers, two (2) mechanics and one (1) dispatch A/R manager. April Thompson continues to serve as office manager. James Thompson has driven several short haul deliveries, but provides little financial support for Receivership Defendants.

2. Proposed Plan For Administering The Receivership Going Forward:

Receiver will continue operations of James Thompson Transport, LLC, with 4-7 trucks depending on driver availability. Receiver will continue to review and approve all daily activity of the Receivership Defendants.

As of this report, only four (4) drivers are operating and generating revenue. At current driver levels, James Thompson Transport, LLC, generates gross monthly revenue of approximately \$30,000. Monthly fixed expenses are approximately \$58,000. At current income and expense levels, the company cannot remain open for over 10-15 days. It is noted that James Thompson will begin operating a truck on or before September 16th. Additional drivers will be interviewed and hired subject to negative drug testing and positive background checks.

After careful analysis of Receivership Defendants assets and liabilities it is critical that Receiver reduce the fleet of equipment from twelve (12) trucks and trailers to approximately seven (7) trucks and trailers. Going forward, all equipment and drivers must produce positive cash flow or the equipment and driver will be

eliminated from the fleet.

Receiver will actively pursue buyers for unproductive equipment. As per Paragraph 33 of the Consent Order Appointing Receiver, all potential asset sales will be carefully reviewed prior to sale. Receiver will provide Receivership Defendants ten (10) days notice of any asset sale.

3. Receiver will submit a Liquidation Plan on or before October 30, 2019. If unproductive equipment cannot be sold in the ordinary course of business, Receiver will consider surrendering said equipment to secured creditors.

It is noted that personal debt, mortgages and expenses (\$20,000 monthly) of April and James Thompson appears to be excessive. Based on current income, (\$4,000-5,000 monthly), Receivership Defendants cannot pay secured or unsecured creditors.

Paragraphs 48 and 49 of the Court's Order Appointing Receiver requires the Receiver to provide a more detailed report and accounting within thirty (30) days after the end of each calendar quarter. In order to comply with those requirements, Randy Moore, Receiver, requests that Receivership Defendants provide (file and serve) the information described and enumerated in Paragraph 11 (A) - 11 (H) of the Order.

Paragraph 31 of the Court's Order Appointing Receiver states the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property (the "Receivership Funds"). Paragraph 32 states the Receiver's deposit account shall be entitled "Randy Moore Receiver, Thompson". Randy Moore, Receiver, reports that he opened a deposit account with State Bank of DeKalb, Texarkana, Texas, and currently maintains a cash balance of \$20,664.24. Other cash assets controlled by Receiver total approximately \$3,000. Cash assets total approximately \$23,664.24.

Report Respectfully Prepared and Submitted,

Randy Moore, Receiver, Civil Action No. 5:19-CV-00065-RWS